



**DEPARTMENT OF INSURANCE
STATE OF ARIZONA**
Financial Affairs Division – Compliance Section
2910 North 44th Street, Suite 210
Phoenix, Arizona 85018-7269
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OUTLINE FOR COMPLIANCE WITH INSURANCE HOLDING COMPANY SYSTEMS REPORTING REQUIREMENTS

GENERAL REQUIREMENTS

Reference Arizona Revised Statutes Title 20, Chapter 2, Article 8 (§ 20-481 et. seq.), and Arizona Administrative Title 20, Chapter 6, Article 14 (Code R20-6-1401 to 1408) for insurance holding company system requirements and standards to prepare and file registration statements. This Department has developed and provides Forms E185, E185B, E185C, E185D and E185XD as instructional materials and guidelines for compliance.

Regarding alternative and consolidated registrations, any authorized insurer may file a registration statement on behalf of any affiliated insurer or insurers which are required to register pursuant to A.R.S. § 20-481.09 and may include information not required by this Department regarding any insurer in the insurance holding company system, even if such insurer is not authorized to do business in this State. In lieu of filing a registration statement on Form B (Form E185B), the authorized insurer may file a copy of the registration statement or similar report which it is required to file in its State of domicile, provided:

1. The statement or report contains substantially similar information required to be furnished on Form B; and
2. The filing insurer is the principal insurance company in the insurance holding company system. The insurer shall set forth a brief statement of facts which will substantiate its claim that it is the principal insurer in the insurance holding company system.

The Director reserves the right to require individual filings if he deems such filings necessary in the interest of clarity, ease of administration or the public good.

Each authorized insurer shall register within fifteen (15) days after the insurer becomes subject to registration and by March 31 of each year, furnishing the required information in Form B (Form E185B) and Form C (Form E185C).

Each registered insurer shall keep current the information required to be disclosed in the registration statement by reporting all material changes or additions within fifteen (15) days after the end of the calendar year in which it learns of each such change or addition. **Amendments to Form B shall be filed in the Form B and Form C formats with only those items which are being amended reported. The title pages shall include "Amendment No. (insert number) to Form B for (insert year)" and shall indicate the date of the change and not the date of the original filings.**

Failure to comply with the provisions of Article 8, Chapter 2, Title 20, Arizona Revised Statutes may result in the imposition of fines, civil penalty, order to cease and desist or finding of a class 1 misdemeanor action pursuant to A.R.S. § 20-481.26 upon the insurer and/or officer, director or employee of the insurer in his individual capacity.

REPORTING FORM REQUIREMENTS - FORMS A, B, C AND D

Forms A, B, C and D are intended to be guides in the preparation of the statements required by A.R.S. § 20-481.03, § 20-481.10, § 20-481.12 and § 20-481.13. They are not intended to be blank forms which are to be filled in. **The statements shall contain the numbers and captions of all items**, but the text of the items may be omitted provided the answers thereto are prepared in such a manner as to indicate clearly the scope and coverage of the items. All instructions, whether appearing under the items of the form or elsewhere therein, are to be omitted. Unless expressly provided otherwise, **if any item is inapplicable or the answer thereto is in the negative, an appropriate statement to that effect shall be made.**

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One complete statement including exhibits and all other papers and documents filed as a part thereof, shall be filed with the Director by personal delivery or mail addressed to:

Arizona Department of Insurance
ATTN.: Financial Affairs Division
2910 North 44th Street, Suite 210
Phoenix, AZ 85018-7269

A copy of Form C shall be filed in each state in which an insurer is authorized to do business, if the Director of that state has notified the insurer of its request in writing. At least one of the copies shall be manually signed in the manner prescribed on the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant to a Power of Attorney or other similar authority, a copy of such Power of Attorney or other authority shall also be filed with the statement.

Statements shall be prepared on paper 8 1/2"x11" in size and bound at the top or the top left-hand corner. Exhibits and financial statements, unless specifically prepared for the filing, may be submitted in their original size. All copies of any statement, financial statements, or exhibits shall be clear, easily readable and suitable for photocopying. Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable as such on photocopies. Statements shall be in the English language and monetary values shall be stated in United States currency. If any exhibit or other paper or document filed with the statement is in a foreign language, it shall be accompanied by a translation into the English language and any monetary value shown in a foreign currency normally shall be converted into United States currency.

Information required by any item of Form A, Form B or Form D may be incorporated by reference in answer or partial answer to any other item. Information contained in any financial statement, annual report, proxy statement, statement filed with a governmental authority, or any other document may be incorporated by reference in answer or partial answer to any item of Form A, Form B or Form D provided such document or paper is filed as an exhibit to the statement. Excerpts of documents may be filed as exhibits if the documents are extensive. **Documents currently on file with the Director which were filed within three (3) years need not be attached as exhibits. References to information contained in exhibits or in documents already on file shall clearly identify the material and shall specifically indicate that such material is to be incorporated by reference in answer to the item.** Matter shall not be incorporated by reference in any case where such incorporation would render the statement incomplete, unclear or confusing.

Where an item requires a summary or outline of the provisions of any document, only a brief statement shall be made as to the pertinent provisions of the document. In addition to such statement, the summary or outline may incorporate by reference particular parts of any exhibit or document currently on file with the Director which was filed within three (3) years and may be qualified in its entirety by such reference. In any case where two (2) or more documents required to be filed as exhibits are substantially identical in all material respects except as to the parties thereto, the dates of execution, or other details, a copy of only one such document need be filed with a schedule identifying the omitted documents and setting forth the material details in which such documents differ from the documents of which a copy is filed.

The required information needs be given only insofar as it is known or reasonably available to the person filing the statement. If any required information is unknown and not reasonably available to the person filing, either because the obtaining thereof would involve unreasonable effort or expense, or because it rests peculiarly within the knowledge of another person not affiliated with the person filing, the information may be omitted, **subject to the following conditions:**

1. The person filing shall give such information on the subject as it possesses or can acquire without unreasonable effort or expense, together with the sources thereof; and
2. The person filing shall include a statement either showing that unreasonable effort or expense would be involved or indicating the absence of any affiliation with the person within whose knowledge the information rests and stating the result of a request made to such person for the information.

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If it is impractical to furnish any required information, document or report at the time it is required to be filed, there may be filed with the Director a separate document:

1. Identifying the information, document or report in question;
2. Stating why the filing thereof at the time required is impractical; and
3. Requesting an extension of time for filing the information, document or report to a specified date. The request for extension shall be deemed granted unless the Director within sixty (60) days after receipt thereof enters an order denying the request.

In addition to the information expressly required to be included in Form A, Form B, Form C and Form D, there shall be added such further material information, if any, as may be necessary to make the information contained therein not misleading. The person filing may also file such exhibits as it may desire in addition to those expressly required by the statement. Such exhibits shall be so marked as to indicate clearly the subject matters to which they refer. **Changes to Forms A, B, C or D shall include on the top of the cover page the phrase: "Change No. (insert number) to " and shall indicate the date of the change and not the date of the original filing. This Department has developed and provides Forms E185CHB and E185CHC as a guideline for compliance in filing changes to Forms B and C.**

DEPARTMENT POLICY REGARDING FINANCIAL STATEMENTS OF ULTIMATE CONTROLLING PERSON

In the event that the Ultimate Controlling Person identified in the Insurance Holding Company System Registration Statement (Form B) **is a natural person**, the Department will not generally require his or her personal financial statement. The Department does retain the right to request the personal financial statement of an individual who is an Ultimate Controlling Person, on a case by case basis.

In cases where an intermediate entity holds the stock of the subject insurer, the financial statement of that entity shall be required in lieu of the financial statement of the individual who is identified as the Ultimate Controlling Person.

FORM D - TRANSACTIONS SUBJECT TO PRIOR NOTICE

Reference A.R.S. § 20-481.12 and A.A.C. R20-6-1407 concerning requirements for notice of a proposed transaction. This Department has developed and provides Form E185D as a guideline for compliance.

EXTRAORDINARY DIVIDENDS AND OTHER DISTRIBUTIONS

Reference A.R.S. § 20-481.19 and A.A.C. R20-6-1408 concerning requirements for prior notice of extraordinary dividends and other distributions to shareholders. This Department has developed and provides Form E185XD as a guideline for compliance.